

STANDARDIZED MILK PRICE CALCULATIONS for OCTOBER 2013 deliveries

(for standardized milk (1) and based on payment systems of the companies; all prices in euro / 100kg)

Company		Quality adjustment	Quantity adjustment	Seasonal adjustment	MILK PRICE this month	Most recent supplementary payment	Rolling average last 12 month (4)
Milcobel	BE	0.73	1.37		40.03	0.00	36.62
Alois Müller	DE	0.51			39.88	0.00	36.18
Nordmilch	DE		0.15		41.03	0.00	35.48
Arla Foods	DK	0.77			39.03	2.48	37.58
Hämeenlinnan Osuusmeijeri	FI			1.94	45.17	2.82	45.11
Bongrain CLE (Basse Normandie)	FR	0.74			39.44	none	34.83
Danone (Pas de Calais)	FR				38.43	none	35.09
Lactalis (Pays de la Loire)	FR				36.18	none	34.48
Sodiaal	FR	0.58			38.00	none	34.69
Dairy Crest (Davidstow)	GB	0.11	0.34	2.29	39.95	0.00	35.95
First Milk	GB	0.92	1.15		35.41	0.00	33.72
Glanbia	IE				39.01	0.00	37.09
Kerry	IE				38.84	none	36.42
Granarolo (North)	IT	1.15	3.42		44.11	none	41.27
DOC Kaas	NL	0.05	0.34		39.83	1.94	37.01
Friesland Campina	NL	0.05	0.75	2.45	43.43	2.32	39.29
AVERAGE MILK PRICE THIS MONTH (2)					39,86		36,92
Emmi A.G.	CH		2.85	3.17	54.38	none	48.85
Fonterra (5)	NZ				40.09	0.00	33.75
United States of America (3)	US	0.15			32.82	none	33.83

Remarks:

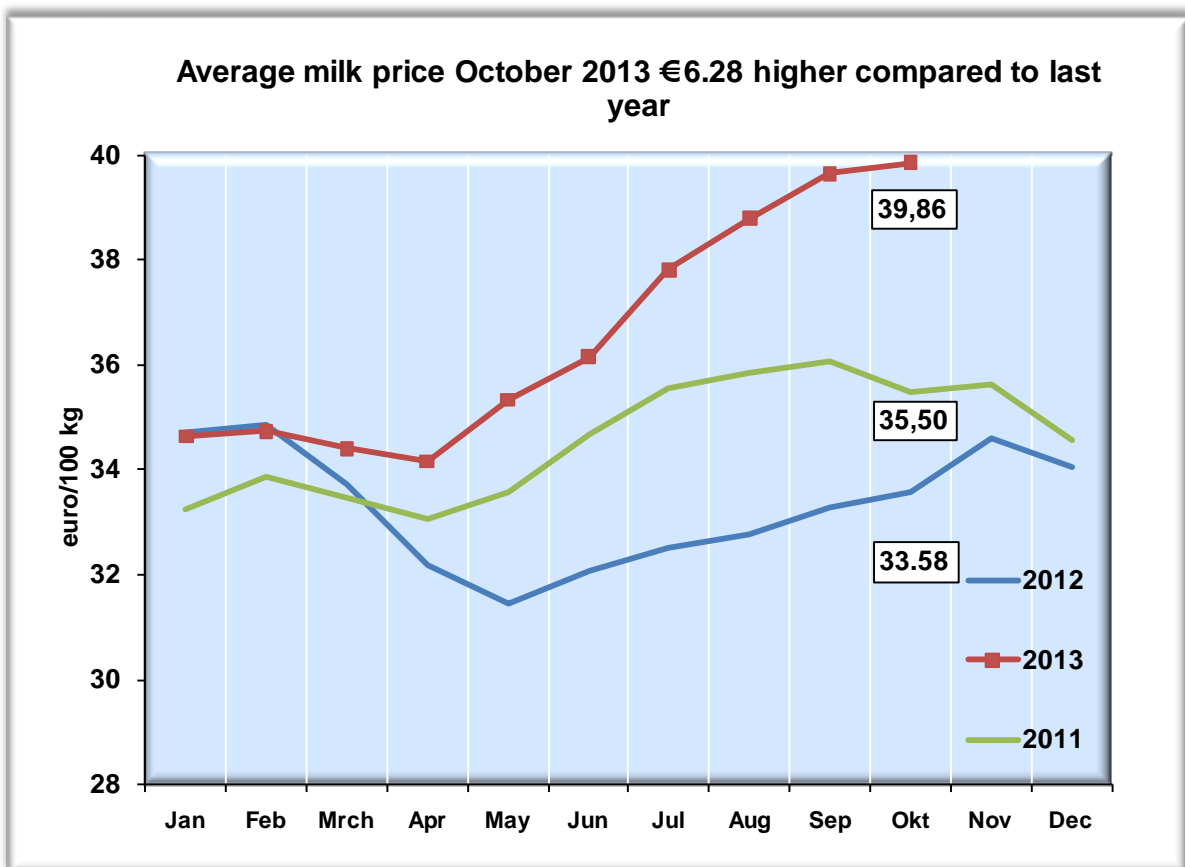
- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA announcement, adjusted for 4.2% fat, 3.4% protein and somatic cell count 249,999 per ml.
- (4) Including most recent supplementary payment.
- (5) Based on payout forecast, adjusted for 4.2% fat and 3.4% protein.

ADDITIONAL REMARKS MILK PRICES OCTOBER 2013

MILK PRICES

The average calculated milk price for the October 2013 deliveries is €39.86 per 100 kg standard milk. This is an increase of 18.7% compared to October 2012 (+ €6.28).

Not only the average milk price is at record levels, but for (almost) all companies, the calculated milk price is higher than ever (ie even higher than at the end of 2007).





FrieslandCampina has increased its guaranteed milk price by € 0.75. the calculated milk price for October is € 43.43. The dairy company has announced to increase its guaranteed milk price by € 1.75 in November. The guaranteed price will remain stable in December.

DOC Kaas has increased its milk price by € 1.25 in October. The calculated milk price is € 39.83. In November, DOC Kaas will increase its price by € 1.80.

Arla has increased its milk price by € 1.00 in October. The calculated milk price is € 39.03. In November, Arla will increase the milk price again by € 1.00.

The calculated milk prices for First Milk are retrospectively adjusted from April 2010(!) onwards.

Regarding the seasonality payment farmer suppliers had the opportunity to choose between a so called Dual Pricing System and a Profile Adjustment Scheme (PAS).

Dual pricing was based on a monthly milk price for a core volume and a seasonal differentiated (% of core milk price) marginal milk price. As the milk price information is based on PAS the calculation has retrospectively been adjusted.

The standard milk production is based on national deliveries. According to these data in the UK the average production in autumn (September to December) is between 115 and 120% of spring volume (April to June). This profile band corresponds with a seasonality (PAS) bonus of 0.56 pence per liter (ppl).

Other bonuses included in the calculated monthly milk price are:

Quality

bactoscan 0.5 ppl

somatic cell count 0.3 ppl

Volume adjustment 1 ppl

Collection flexibility 0.56 ppl

Additional comments milk prices October 2013

Milcobel

The calculated milk price of the Belgian Milcobel remained stable at €40.03.

Germany

The base price of DMK rose by €1.00 in October and amounted to €41.03. The milk price of Alois Muller increased by €0.50 to a calculated milk price of €39.88.

Scandinavia

Arla Foods has increased its milk price by €1.00 in October, resulting in a calculated milk price of €39.03. In November, the milk price will increase further by €1.00.

The preliminary calculated milk price of Hämeenlinnan Osuusmeijeri is €45.17 in October.

France

The calculated milk price of Bongrain rose by €2.01 and comes out at €39.44. The calculated milk price of Danone, Lactalis and Sodiaal have risen and come out in September, respectively, €38.43, €36.18 and €38.00.

United Kingdom

The calculated milk prices for First Milk are retrospectively adjusted from April 2010 onwards, for October, the calculated milk price is €35.41.

The calculated milk price for Dairy Crest results in October at €39.95. The British dairy announced a milk price increase of 1 pence per liter in November.

Ireland

The milk price of the Irish company Glanbia results at €39.01. The calculated milk price for Kerry is €38.85.

The Netherlands

The calculated milk price of FrieslandCampina is €43.43 for October.

For DOC Kaas, the calculated milk price is €39.83.

Granarolo

The calculated milk price of Italian Granarolo for the period October-December is €44.11

Emmi

The calculated milk price of the Swiss Emmi is €54.38 in October.

New Zealand

The calculated milk price of New Zealand's Fonterra is €40.09 in October.

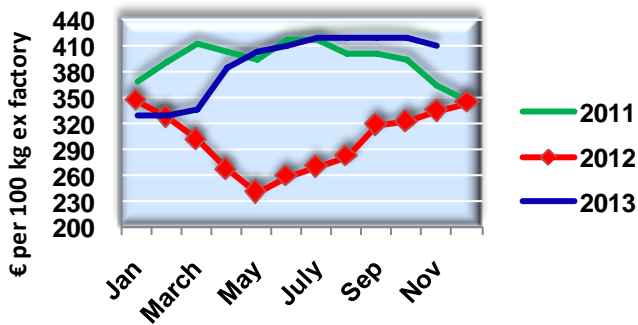
USA

The calculated milk price of U.S. Class III milk price is €32.82 in October.

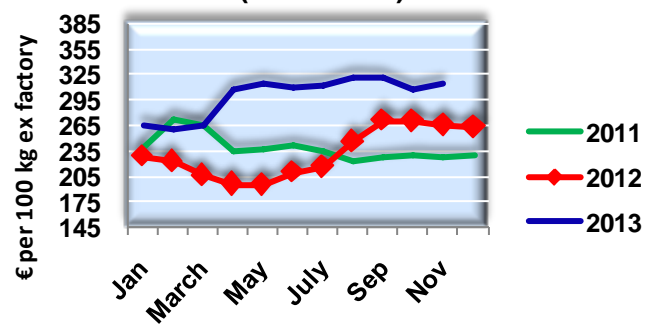
MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2013	4 December 2013	index	trend
Butter	342	412	120,4	→
Whole milk powder	296	377	127,4	→
Skimmed milk powder	264	330	125,00	↑
Whey powder	101	99	99,0	→
Gouda cheese	± 320	± 390	121,9	→

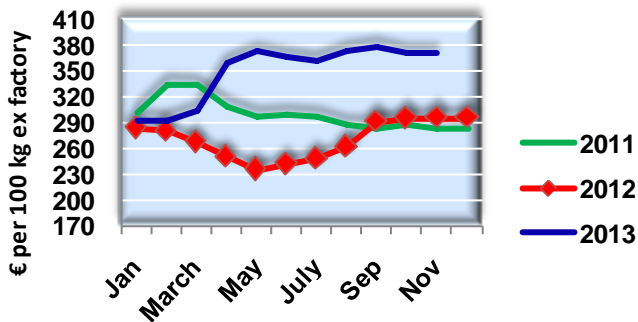
Dutch Butter price develop.



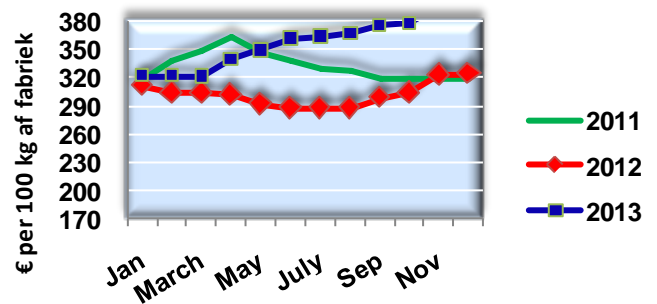
Dutch SMP price develop. (ADPI extra)

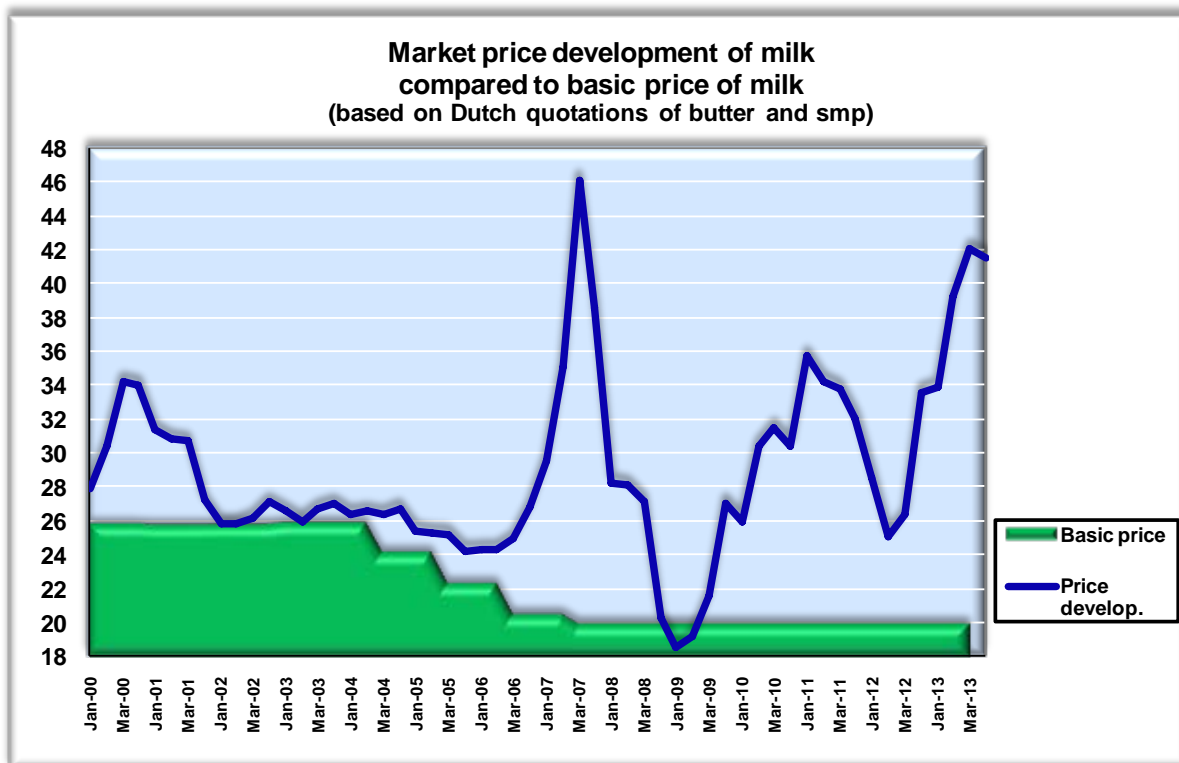


Dutch WMP price develop.



Dutch Gouda cheese price develop





Market comments

In the Netherlands milk output during first 10 months of 2013 was 10.20 billion kgs or app. 4.4% lower, compared to the previous year. The average milk fat content is little higher and protein content during this period was almost similar to 2012.

According to provisional figures milk output in the EU-28 for January /Sept 2013 was app. similar to the same period in 2012. During August and September milk deliveries have increased by 3.1% and 3.3% respectively. This trend has continued for October.

Market for dairy commodities continued to be fairly strong and is able to hold its high price level.

The decline in prices during October was temporarily. Actually these lower prices lead together with the lower exchange rate of the euro versus US dollar to the competitive advantage, which attracts more buyers from overseas ,especially in the milk powder market and realized a consolidation of prices.

Continuation of expanding milk production volumes in most important dairy producing regions in the world are however a threat to current high prices and make the market more vulnerable.

Although buyers are anticipating already lower prices in the near future, this scenario did not yet realize. Also seasonal peak production volumes in the Southern Hemisphere has not been sufficient enough to satisfy current buyer demand.

Last couple of weeks buyer activity has increased as reticent buyers that have been staying out of the market due to the high prices have to secure product again and short positions by traders have to be closed. As a result prices were rising again.

Signals from the world market are also confirming the current firm undertone. Global demand remained strong as most buyers are short covered and have to replenish stock. In general existing supplies in pipeline from the processor to the end consumer are low and as a result generate continuous demand. Barring unforeseen circumstances ,important price pressure is then expected at the time not earlier than the seasonal production peak in the Northern Hemisphere is within reach, may be at the end of the first quarter of 2014.